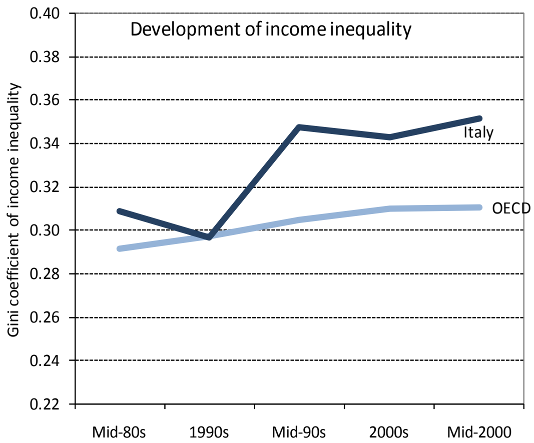
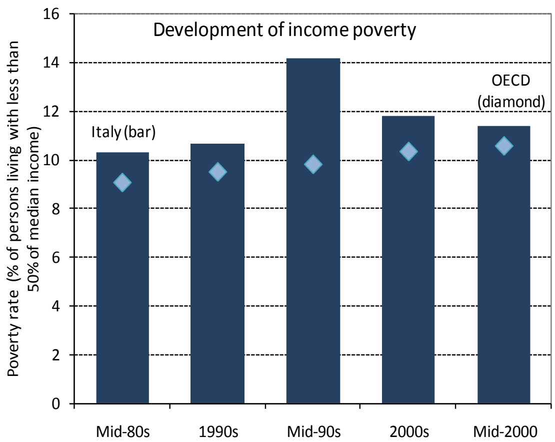
OECD (2008), Growing Unequal? : Income Distribution and Poverty in OECD Countries

COUNTRY NOTE: ITALY

During the early 1990s, income inequality and poverty grew rapidly in Italy. It went from having levels close to the OECD averages, to levels similar to those found in other Southern European countries. Inequality has stayed at that comparatively high level since then. Italy now has the 6th-largest gap between rich and poor of all 30 OECD countries.

Figure 1. **Income inequality and poverty are high**





Source: Growing Unequal? , OECD 2008. Income is disposable household income adjusted for household size.

- Incomes from work, capital and savings have become 33% more unequal since the mid-1980s. This is the highest increase across OECD countries; the average increase has been 12%.

- Italy has partly offset the growing gap between rich and poor by increasing household taxation and spending more on social benefits for poor people. This is unusual – Italy is one of only three OECD countries to increase spending on benefits for the poor in the past 10 years.

- The average income of the poorest 10% of Italians is around US$ 5,000 in purchasing power parities – below the OECD average of $ 7,000. The average income of the richest 10% is $ 55,000 -- *above* OECD average.

- The rich have benefited more from economic growth than the poor or the middle classes.

- Poverty rates fell between the mid 1990s and 2005. Child poverty fell particularly rapidly, from 19% to 15% - only the United Kingdom achieved a similar reduction. However, a child poverty rate of 15% is still above the OECD average of 12%.

- Publicly provided health, education and social housing reduce overall income inequality more than in most other OECD countries.

- Social mobility is lower in Italy than in countries like Australia or Denmark. Children of poor parents are much less likely to become rich than children of rich parents.

- Wealth is distributed much more unequally than income: the top 10% hold some 42% of total net worth. For comparison, the richest 10% have 28% of total disposable income.